Microeconomics Read p. 78-83 Homework must be typed

1. Review the Key Graph (schematic diagram) on p. 40 and the more sophisticated diagram on p. 81

Redraw the graph but rather than simply putting in generic terms such as goods and services complete the draft using the building of this High School as an example

I’ll start you out—Households provide the labor to the resource market which will later be hired by a company that is involved in construction.

2.

a. If your last name starts w/A-C. discuss and defend a transfer payment. If your last name D-F argue against a transfer payment.

b. If your last name G-J discuss and defend a Govt. Market Intervention. If your last name K-N argue against a Govt. Market Intervention

c. If your last name O-S discuss and defend a “progressive tax system”, If your last name T-Z, argue against a “progressive tax system.

3. Define negative externality and give an example of a negative externality that you’ve had to suffer in the course of your lifetime.

4. Define positive externality and give an example of a positive externality that you’ve had the pleasure to get the benefit of.

5. Describe a public good that you’ve taken advantage of and discuss in terms of rivalry and non-excludability

6. Give an example of something that you’ve had the pleasure of being a free rider.

7. What quasi public goods do you use and make an argument that those quasi public goods should be privatized if your last name starts w/ A-M and maintained as a public if your last name starts w/N-Z?